

COSCO SHIPPING/PIL/WHL VESSEL SHARING
AND SLOT EXCHANGE AGREEMENT

FMC Agreement No. 201248-001

EXPIRATION DATE: None.

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TABLE OF CONTENTS

<u>Article</u>	<u>Name</u>	<u>Page</u>
1	Parties	1
2	Definitions	1
3	Undertaking and Purpose	2
4	Scope of the Agreement	4
5	Containers and Cargo	4
6	Schedules	4
7	Duration and Termination	5
8	Delivery of Containers and Terminal Operations	6
9	Slot Costs	7
10	Documentation and Liability	7
11	Applicable Law and Arbitration	7
12	Notices	8
13	Non-Assignment	8
14	Amendment and Embodiment	8
15	Further Agreements	8
16	Agreement Officials and Delegations of Authority	9
17	Compliance with Law	9

Signature Page

1. Parties

The parties to this Agreement are

COSCO Shipping Lines Co. Ltd. ("COSCO SHIPPING")
378 Dong Da Ming Road
Shanghai, People's Republic of China 200080

Pacific International Lines (PTE) Ltd. ("PIL")
140, Cecil Street, #03-00, PIL Building
Singapore 069540

Wan Hai Lines Ltd. ("WHLL")
10th Floor
136 Sung Chiang Road
Taipei, Taiwan R.O.C. ZIP: 104

Wan Hai Lines (Singapore) PTE Ltd. ("WHS")
10 Hoe Chiang Road #25-01
Keppel Towers
Singapore 089315

(WHLL and WHS will operate as a single party for purposes of this Agreement, and will be referred to herein as "WHL")

2. Definitions:

"Agreement" means this COSCO SHIPPING/PIL/WHL VESSEL SHARING AND SLOT EXCHANGE AGREEMENT.

"Party" means PIL, WHL, COSCO SHIPPING individually, and collectively as the "Parties".

"Container(s)" means any ISO standard container(s) with a maximum height of 9'6" including any reefer and/or other special containers, provided they meet ISO standards. For the purpose of this Agreement, one FEU shall be equal to 2 TEUs.

"Vessel(s)" means a purpose built containership maintained in service by PIL, WHL or COSCO SHIPPING, or the containership of another carrier which PIL, WHL or COSCO SHIPPING is entitled to use and sub-charter pursuant to a space charter or similar agreement.

COSCO SHIPPING/PIL/WHL VESSEL
SHARING AND SLOT EXCHANGE AGREEMENT
FMC Agreement No. 201248-001
First Revised Page No. 2

- “Slot” means the space occupied by 1 x 20” x 8” x 8’6” or 1 x 20’ x 8’ x 9’6” ISO container for the predetermined maximum average gross weight.
- “The Loading Party” means the Party on whose vessels (owned and/or operated) the containers are loaded.
- “The Shipping Party” means a Party who is shipping containers on another Party’s vessels.
- “The Ship Provider” means the Party providing and operating a vessel or providing space under the terms of this Agreement.

3. Undertaking and Purpose

Subject to the terms and conditions hereinafter set forth, PIL, WHL and COSCO SHIPPING undertake to operate shared service and to allow each other to charter Slots on their Vessels for the carriage of Containers of the volume and on the terms hereinafter described.

Each Party undertakes to meet its commitment and pay any excess slot capacity to be chartered by it as hereunder described.

VESSEL SHARING COOPERATION

Initially, the Parties will operate a single shared service as follows:

- a. The Parties will operate a shared service known as the /SEA/CP1/AC5.
 - i. The initial port rotation will be: Nansha-Hong Kong-Yantian-Ningbo-Long Beach-Nansha.
 - ii. The service will be initially operated with six vessels in the size range of approximately 9,000 to approximately 12,000 TEUs, to be provided by COSCO SHIPPING (3), PIL (2) and WHL (1). Should a Party deploy a vessel above/below the agreed declared capacity, then, unless otherwise unanimously agreed: (a) the over/under provision shall be for that Party’s merit/demerit; and (b) any resulting operational constraints in operating such vessel shall be borne by that Party alone.
 - iii. The initial voyage is expected to be on or around September 6, 2018 (ex Nansha).

The Parties are authorized to engage in the following activities, to the extent permitted by the applicable law of the relevant jurisdictions within the scope of this Agreement, and subject to any applicable filing requirements:

- (a) Consult and agree upon the type, capacity, speed, and total number of vessels to be used, the type, capacity, speed, and number of vessels to be
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contributed by each Party, including changes in the number of vessels provided by any Party, and substitution of vessels and the terms, conditions and operational details pertaining thereto.

(b) Consult and agree upon the sailing patterns, ports to be called, port rotation, vessel itineraries, schedules, the number, frequency, and character of sailings at ports, transit times, adjustment of the speed of vessels (including slow steaming of vessels), on-time performance criteria and consequences for a Party failing to adhere to the established schedule and/or to load cargo in accordance with its obligations hereunder, and all other aspects of the structure, scheduling and coordination of vessels and shared service operated hereunder.

(c) Consult and agree upon the allocation of space, on such terms as they may agree from time to time.

(d) Consult and agree upon terms and conditions, including advance notice, with respect to a Party's withdrawal of a vessel(s) or introduction of additional, substitute, or replacement vessels in the shared service and the characteristics (including but not limited to size, capacity, speed, configuration, delivery date) of such vessels.

(e) Consult, agree upon, negotiate and contract (individually and/or jointly, including any two of the Parties) for the chartering, hiring, establishment, use, scheduling, coordination and/or operation of transshipment, barge and/or feeder services in conjunction with linehaul vessel operations hereunder.

(f) Consult and agree on vessel maintenance and repair matters, drydocking schedules, and the provision of temporary replacement or substitute tonnage.

The Parties may make changes to the foregoing without further amendment, except that: (i) changes to the total number of vessels in the shared service are authorized without amendment only within a range of four to nine; and (ii) changes to the size range of vessels in the shared service are authorized without amendment only up to 50 percent (higher or lower).

SLOT EXCHANGE

The Parties are authorized to exchange space between the shared service described above and space on a service in the Trade operated by CMA CGM, currently known as the AAS2/AC6/CP3, and, as information only, with an initial port rotation of Fuzhou-Nansha-Hong Kong-Yantian-Xiamen-Los Angeles-Oakland-Fuzhou.

Initially, the Parties will provide space to one another as follows, all on a used/unused basis:

- a. COSCO SHIPPING shall provide PIL with 420 TEUs (at 10 MT per TEU) each week (EB and WB) on the AAS2/AC6/CP3, and PIL shall provide COSCO SHIPPING with 420 TEUs (at 10 MT per TEU) each week (EB and WB) from PIL's allocation on the SEA/CP1/AC5.
- b. COSCO SHIPPING shall provide WHL with 380 TEUs (at 10 MT per TEU) each week (EB and WB) on the AAS2/AC6/CP3, and WHL shall provide COSCO SHIPPING with 380 TEUs (at 10 MT per TEU) each week (EB and WB) from WHL's allocation on the SEA/CP1/AC5.

The Parties may discuss and agree on sub-allocations within the basic slot exchanges above, including for reefer plugs and hi-cube containers. The above services' names may be changed and the number of slots to be exchanged in any of the above exchanges may be increased or decreased up to one hundred percent, without amendment of this Agreement. The Parties may from time-to-time discuss and agree upon limitations on the availability and number of slots that may be loaded at particular ports or used between particular port pairs, as well as the Parties' respective responsibilities when port calls are omitted. The Parties may agree on any particular voyage to exchange, sell, or charter additional slots on an ad hoc basis.

4. Scope of the Agreement

This Agreement shall cover the eastbound and westbound transportation of cargo between ports in China (including Hong Kong) and ports on the United States West Coast. The foregoing geographic scope is hereinafter referred to as "the Trade".

5. Containers and Cargo

A Shipping Party will be allowed to ship only dry-cargo Containers, reefers and empty Containers meeting the definition mentioned in Clause 2 hereof. Loaded Containers shall be in a seaworthy condition, containing lawful merchandise of any kind; including IMO cargo, properly packed and secured. Containers not meeting the above criteria may be refused for carriage. The Parties may also discuss and agree on the carriage of breakbulk, noncontainerized, and hazardous cargo, subject to the concurrence of the Loading Party.

6. Schedules

Each Party shall be allowed to utilize Slots available on each other's service and Vessels according their respective schedules and service arrangements.

In the event that there is a permanent change to the schedule, ports of call, rotation and/or Vessels in the AAS2/AC6/CP3 service, COSCO SHIPPING shall give the other Parties sixty (60) days' written notice of such change (ninety (90) days for a significant change), and each other Party is of the opinion that such modification is or may be materially detrimental to its own performance on this service, the Parties shall review the terms of the slot exchange in this Agreement on a unanimous basis.

7. Duration and Termination

7.1 This Agreement shall be effective as of the date it becomes effective under the U.S. Shipping Act of 1984, as amended. This Agreement shall remain in force for a minimum period of eight (8) months as from the Commencement Date. Thereafter, the Agreement shall continue indefinitely until any Party serves (3) months' written notice to terminate this Agreement to all other Parties (such notice not to be given before five (5) months after the Commencement Date).

The "Commencement Date" shall mean the later of (i) the earliest starting date between the first eastbound voyage of each service (as defined in Article 8) occurring in on or about September 6, 2018, (ii) the date the Agreement has been filed with the FMC and has become effective in accordance with the Shipping Act of 1984, as amended, or (iii) such other date as the Parties may agree for commencement of the services covered hereunder, but not prior to the effectiveness of the Agreement under the Shipping Act.

Notwithstanding the foregoing, and unless otherwise unanimously agreed, the Agreement will nevertheless remain in force until the completion of the whole SEA / CP1/ AC5 current roundtrip cycle which is in progress at the time such notice to terminate would otherwise have taken effect, meaning that all Vessels back to Asia and all cargo and containers discharged up to last port in Asia, or otherwise unanimously agreed, in principle Yantian.

Furthermore, for the slot exchange purpose between SEA / CP1/ AC5 and PRX services, Parties agree that the same number of intended roundtrip voyages, on the same period, shall be completed on both services and any discrepancy shall be financially compensated, or compensated in slots, or a combination of both, to be bilaterally agreed.

7.2 Notwithstanding the above, this Agreement can be terminated as follows:

- a) at any time in case of breach of fundamental terms of this Agreement by any of the Parties when given the written notice from one of Parties to the Defaulting Party; with such fundamental terms to be specified and agreed between the Parties.
- b) at any time upon unanimous agreement of the Parties.
- c) at any time during the term of this Agreement any Party (the "affected" Party) is either (i) dissolved or becomes insolvent or (ii) has a winding up order made against it or enters into liquidation either voluntarily or compulsorily or (iii) seeks or becomes subject to the appointment of an administrator, receiver, trustee, custodian or other similar official for the whole or a substantial part of its assets or business, or (iv) is affected by any similar event or act under the applicable laws either of the jurisdiction in which it carries on business or (v) any such event or act has an analogous effect in any other jurisdiction or (vi) if such Party takes any action in furtherance of any of the foregoing acts or events (other than for the purposes of a consolidation, reconstruction or amalgamation) and any other Party is of reasonable opinion that such event or occurrence is or may be materially detrimental to this Agreement, or that sums owing under this Agreement (other than those disputed in good faith) may not be paid in full or that their payment may be significantly delayed, then the other Parties shall have the right, to either:

- unanimously agree to terminate the affected Party's participation in the Agreement by giving a written notice terminating this Agreement as to that Party with immediate effect or to suspend this Agreement or any part thereof for such period as the other Parties in their reasonable discretion deems appropriate, but without prejudice to any accrued rights and obligations hereunder.; or
- if the affected Party's participation is not terminated, individually withdraw from this Agreement by giving a written notice terminating their participation to this Agreement with immediate effect but without prejudice to any accrued rights and obligations hereunder.

8. Delivery of Containers and Terminal Operations

- a. The shipments of Containers under this Agreement shall be done under FIO terms. Delivery of the Containers and acceptance thereof shall be when the Containers are loaded on board and redelivery shall be effected and accepted once discharge operation of each Container commences.
- b. For operations under the vessel sharing cooperation, the Parties may discuss and agree upon the terminal(s) to be called by the Vessels operated hereunder as well as the stevedore(s) that will service such Vessels, and/or the volume of cargo to be handled by such terminals or stevedores. In furtherance of the foregoing, the Parties are authorized to discuss, exchange information, and/or coordinate negotiations with marine terminal operators or stevedores relating to operational matters such as port schedules and berthing windows; availability of port facilities, equipment and services; contract duration; adequacy of throughput; and the procedures of the interchange of operational data in a legally compliant matter. Notwithstanding the foregoing, the Parties shall have no authority to jointly contract with terminals or stevedores under this Agreement.
- c. For operations under the slot exchange, the Parties recognize that, as to the AAS2/AC6/CP3, terminals and other landside services are decided by CMA CGM pursuant to the Ocean Alliance Agreement (FMC No. 012426).
- d. For operations under both the vessel sharing cooperation and the slot exchange, each Party shall be directly responsible for all payments relating to its Containers to the stevedores, terminals and the port, if any, including royalties and assessments in USA ports, and they shall be independently debited for all such operations, and shall settle all payments independently and separately, unless otherwise unanimously agreed from time to time if not feasible.

9. Slot Costs

The Parties shall agree on the amounts they shall charge one another for the carriage of laden and empty Containers hereunder, and may adjust said

amounts as they may agree from time to time. The Parties shall also agree on the terms on which such amounts shall be paid to one another.

10. Documentation and Liability

- (a) The Parties shall agree on the terms of issuance of documentation for cargo moving hereunder, the terms and conditions contained in that documentation and the procedures to be followed with respect to the issuance and processing of such documentation. The Parties are also authorized to agree on their respective liabilities with respect to damage to cargo (including general average) and/or equipment and the procedure to be followed in handling claims for such damages.
- (b) Each Party shall be responsible for insurance for its Vessels.

11. Applicable Law and Arbitration

This Agreement and any matter or dispute arising under or in connection with this Agreement shall be governed and construed in accordance with the laws of England.

Any dispute or difference arising out of or in connection with this Agreement which cannot be resolved amicably shall be referred to the exclusive jurisdiction of the High Court of Justice in London. However, any dispute relating to loss or damage to cargo or container carried under either Party's B/L shall be referred to the law and jurisdiction mentioned in the B/L of this Party.

Either Party may at any time call for mediation of a dispute under the auspices of the LMAA. Unless agreed such mediation shall not otherwise interfere with or affect anything else including the time bars and Court procedure. If a Party calls for mediation and such is refused, the Party calling for mediation shall be entitled to bring that refusal to the attention of the Court.

The Parties shall keep confidential all litigation proceedings and awards made, together with all materials in the proceedings created for the purpose of the mediation, and all other documents produced by the another Party in the proceedings not otherwise in the public domain – save and to the extent that disclosure may be required of a Party by legal duty, to protect or pursue a legal right or to enforce or challenge an award in bona fide legal proceedings before a court or other competent judicial authority.

12. Notices

Any notice hereunder shall be made by courier service or registered mail, or in the event expeditious notice is required, by e-mail or registered mail, to the addresses shown in Article 1 hereof.

13. Non-Assignment

No Party shall assign its rights, including its rights to utilize the Container Slots, or delegate its duties this Agreement to any person or entity other than a Party without the prior unanimous written consent of the other Parties. Notwithstanding the above, each of the Parties may on written notice to the other Parties assign its rights or delegate its duties under this Agreement to a fully-owned subsidiary that is a vessel-operating ocean carrier within the meaning of the U.S. Shipping Act; provided that, if the assignee ceases to be an such a subsidiary of the relevant contracting Party, the assignee shall, within 10 working days of so ceasing, assign its rights under this Agreement to the contracting Party or a fully-owned subsidiary of the contracting Party, and provided that in the event of such an assignment the Party to this Agreement shall remain responsible for the due and punctual performance to this Agreement by such a subsidiary.

14. Amendment and Embodiment

This Agreement may not be amended, modified or rescinded except in writing and duly signed by authorized signatories of the Parties, and any amendment, addendum or appendix so signed shall constitute a part of this Agreement.

15. Further Agreements

- a. The Parties are authorized to discuss and agree on their respective rights, fair and reasonable allocation of liabilities among the Parties, apportionment of damages, satisfaction of claims, procurement of insurance and claims thereunder, and indemnities for activities under this Agreement, including but not limited to matters pertaining to cargo loss or damage; damage or loss to containers or other equipment; schedule or delivery delays; loss of or damage to a vessel; accidents; hazardous, breakbulk, or oversized cargoes; loss or damage caused by cargo; damage to persons or property; failure to perform; force majeure; general average; and any liability to third parties.
- b. The Parties are authorized to enter into further agreements with respect to routine operational and administrative matters to the extent necessary or desirable to implement the general provisions contained in this Agreement (including, but not limited to, those set forth in Clauses 10 hereof) without further amendment to this Agreement. Any further agreement contemplated by this Agreement, except to the extent such further agreement relates to routine operational and administrative matters, shall be filed with the FMC and become effective under the Shipping Act of 1984 prior to being implemented.

16. Agreement Officials and Delegations of Authority

The following are authorized to subscribe to and file this Agreement and any accompanying materials and any subsequent modifications to this Agreement with the Federal Maritime Commission:

(ii) Legal counsel for each of the Parties.

17. Compliance with Law

The Parties shall, individually and collectively, conduct their operations under this Agreement in compliance with laws and regulations applicable to any one or more of the Parties, including but not limited to applicable regulatory compliance and trade sanctions, anti-boycott, anti-corruption and bribery, environmental, labor, competition laws, including U.S. competition laws, to the extent applicable in the context of the Shipping Act, and privacy laws.


SIGNATURE PAGE

IN WITNESS WHEREOF, the parties have agreed to this Agreement this 6th
day of August, 2018, and to file same with the U.S. Federal Maritime Commission.

COSCO SHIPPING LINES CO. LTD.

By: 

PACIFIC INTERNATIONAL LINES (PTE) LTD.

By: 

WAN HAI LINES LTD.

By: 

WAN HAI LINES (SINGAPORE) PTE LTD.

By: 